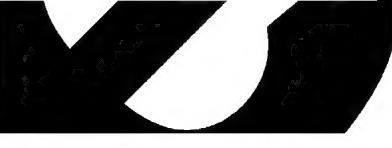
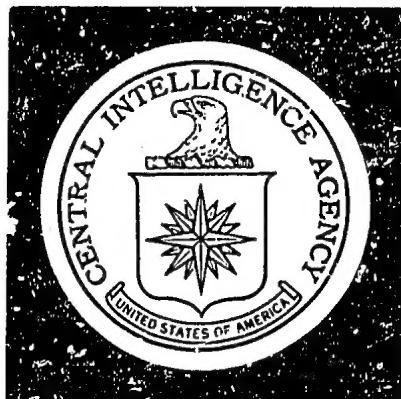


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

International Narcotics Series No. 3

Paraguay--Heroin Crossroads Of South America

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
August 1971

INTELLIGENCE MEMORANDUM

PARAGUAY - HEROIN CROSSROADS OF SOUTH AMERICAIntroduction

1. Paraguay, long a focal point for all types of smuggling, has recently become a transit and storage area for much of the European heroin entering South America. Most of this heroin eventually is consumed in the United States. Although prominent Paraguayans appear to be involved in the traffic, there are strong indications that President Stroessner is opposed to the trade and is willing to take action. This memorandum examines Paraguay's position in the world heroin traffic and assesses the possibilities of Paraguayan government counteraction.

DiscussionPatterns of Heroin Traffic

2. During the past decade, increasingly effective action by agents of the Bureau of Narcotics and Dangerous Drugs (BNDD) and the Bureau of Customs has largely disrupted the traditional route - Turkey to Marseilles to New York - by which most heroin entered the United States. Now most large shipments destined for the US market are diverted through the West Indies or South America, where customs procedures are usually more lax. The largest part of this traffic passes through Paraguay with bulk shipments of as much as 100 kilograms being brought in through Argentina, Brazil, Chile, Peru, Guyana, and other countries. Private aircraft with readily changeable registration numbers are the usual means of shipping narcotics into and out of the country. These aircraft, called "Mau-Maus" by the Paraguayans, use the Presidente Stroessner International Airport in Asuncion as well as over 200 private landing strips throughout the country.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Central Intelligence Agency and with the Bureau of Narcotics and Dangerous Drugs.

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3. The traffic generally follows a standard pattern. Turkish opium is refined into morphine in Turkey and smuggled into France where it is further refined into heroin. This part of the operation is usually controlled by one of several large European -- usually French-Corsican -- criminal organizations. The heroin is then sold to Cuban exiles or other so-called "Spanish Brokers" who act as representatives of large South American -- usually Argentine-Italian -- criminal organizations.

4. The heroin is then brought into Argentina and Brazil, or, less commonly, into other countries by sea or by commercial aircraft. A variety of methods are used to smuggle heroin in bulk, including caching it in new European automobiles with false gas tanks, inside dead bodies being returned to

South America for burial, and other methods equally bizarre. Barring an advance tipoff, these methods are virtually foolproof and no customs collusion is needed. Trusted ship or aircraft crew members are needed to watch over "the investment" and protect it from other criminals. The availability of such trusted crew members explains the otherwise illogical routes that particular shipments may take.

5. Upon offloading in South America, the heroin is transported by car to a private airfield, usually located on some large ranch or farm. (The landowner may or may not have knowledge of the operation.) If feasible, it is then flown to a private airfield in Paraguay. If the plane used is quite large, as might be necessary for a non-stop trip from Guyana, the Asuncion airport will be used, in which case some collusion with airport officials is necessary.

6. Once in Paraguay, the shipment is cached while the "owner" makes arrangements with US gangsters for its eventual sale in the United States. When the arrangements are made, the shipment is broken down into small parcels to reduce the risk of detection by US customs and the financial loss if a seizure is made. Parcels weighing one kilogram or less are used

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for "body passing" across the border. Larger parcels are hidden in commercial aircraft (often in the wings or behind the washroom paneling) by airline employees.

7. Unlike earlier periods, there now appears to be no single criminal organization controlling international heroin traffic bound for the United States. Instead, three or four large international organizations may now be involved. Little is known about the operations of these organizations. It is clear, however, that at least one is operating in Paraguay.

Prospects for Paraguayan Action

8. International crime chose Paraguay as its South American heroin entrepot because of the porosity of its borders, its already established smuggling networks, and the availability of protection from high political figures. Given the large number of private airfields, the low population density of many border areas, and the limited resources that the government can devote to border patrol, little can be done in the short run to make the country's borders more secure. Smuggling of everything from watches to whiskey is not only a way of life in Paraguay but is of considerable importance to the balance of payments. The profits from such activity are fairly widely distributed throughout the population. Moreover, the granting of what amounts to "smuggling concessions" to powerful generals is an important tool for maintaining political stability. President Stroessner would be extremely reluctant to move against smuggling in general, and popular opinion probably would not support him in such a move.

9. Prospects for effective action aimed specifically at the Paraguayan narcotics traffic nevertheless are very good. President Stroessner apparently is prepared to go to considerable lengths to deny such traffic the protection of powerful political and military figures. Influenced by the sternly moralistic image of other military rulers in Brazil, Argentina, and Peru, he appears to be sincere in his desire to rid the nation of its reputation as the heroin center of South America. Stroessner clearly differentiates between normal smuggling.

[redacted] and narcotics trafficking, which he is determined to stamp out even at political risk to himself. He has given the heavily controlled "opposition press" free rein to attack high ranking government figures on the narcotics issue. The opposition has made wide use of this unusual freedom to make broad attacks – often with little or no evidence. Recently, virtually every issue of every newspaper, including those of the government, has carried one or more hard-hitting articles on the subject.

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[redacted] Understandably unwilling to run serious political risks on the basis of rumor, President Stroessner has secretly requested the US Embassy to supply him with hard evidence that these men or others in his government are involved and has promised to take action immediately upon receipt of such evidence. He has stressed that he does not demand evidence that would stand up in court but only evidence that would convince him personally.

11. On orders of the president, Paraguayan officials thus far have been very cooperative in acting on information supplied by US authorities. The arrest of Auguste Ricard - French narcotics kingpin, former Nazi collaborator, important hotel and restaurant owner in Paraguay and Argentina, and friend to many high Paraguayan officials - is a case in point. This man, who would normally be invulnerable in Paraguay, was arrested immediately upon US request. The Paraguayan government offered to turn him over to US officials extralegally, but the United States decided to request extradition. Although a strict interpretation of the extradition treaty between the United States and Paraguay would seem to preclude extradition in this case, the Embassy has been indirectly informed that the courts will honor the US request.

Conclusions

12. The government of Paraguay effectively embodied as it is in the person of President Stroessner, is in a reasonably strong position to disrupt the heroin traffic that passes over the country's borders. Such a move could disrupt the current flow of most European heroin destined for the US market.

13. Because of the power and importance of some of the Paraguayans suspected of being involved in the heroin trade, disruption of the traffic would entail political risks for President Stroessner. Nevertheless, he apparently is willing to take such risks when and if he is supplied with solid information. In the event of a successful disruption of the Paraguayan network, the traffic would soon find other distribution points and storage areas in South America. During the period of transition, however, narcotics traffickers would lose much of their protective cover and would become easier targets for the enforcement efforts of the countries involved.